

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

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NSC-05 PA-01 PRS-01 USIA-06 /090 W

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R 191440Z DEC 75

FM AMEMBASSY BERN

TO SECSTATE WASHDC 1871

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY PARIS

AMEMBASSY DUBLIN

AMEMBASSY TOKYO

AMEMBASSY ROME

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMCONSUL ZURICH UNN

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E.O. 11652: N/A

TAGS: EFIN EEC SZ

SUBJ: SWITZERLAND AND THE SNAKE

REF: EC BRUSSELS 11278

SWISS SOURCES HERE CONFIRM THE INFORMATION REPORTED

REFTEL, AND ADD THE FOLLOWING:

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A. THERE WAS NO FORMAL SWISS APPLICATION TO JOIN THE SNAKE, SO THERE WAS NOTHING TO BE WITHDRAWN. THE SWISS REMAIN INTERESTED IN JOINING BUT KNOW THAT THERE IS NO LIKELIHOOD THEY WILL BE ABLE TO DO SO IN THE FORESEEABLE FUTURE.

B. THE MULTIPLEX SYSTEM FOR CONSULTATIONS WITH SNAKE CENTRAL BANKS SHOULD BE INSTALLED IN THE NEXT FEW DAYS. CONSULTATIONS WILL TAKE PLACE THREE TIMES A DAY.

C. THE SNB IS EXPLORING THE POSSIBILITY OF SWAP OR OTHER ARRANGEMENTS WITH THE DTUCH AND GERMAN CENTRAL BANKS. TALKS ARE STILL AT A VERY PRELIMINARY STAGE. THE SWISS UNDERSTAND THAT FRENCH OPPOSITION TO SUCH ARRANGEMENTS, WHICH WAS VERY STRONG WHILE DISCUSSIONS ON SWISS PARTICIPATION WERE STILL GOING ON, HAS BEEN RELAXED TO THE POINT THAT SWAP ARRANGEMENTS SHOULD BE POSSIBLE.

D. SNB SOURCES FLATLY DENY THE STATEMENT IN AN ARTICLE APPEARING IN THE TRIBUNE DE GENEVA ON DECEMBER 18 THAT SWITZERLAND IS NEGOTIATING A BILATERAL AGREEMENT WITH BONN WHICH WOULD PEG THE SF/DM RATE.

E. IN A CONVERSATION WITH THE ECON/COM COUNSELOR ON DECEMBER 17, ALFRED SARASIN, PRESIDENT, SWISS BANKERS ASSOCIATION, SAID THAT HE WAS PERSONALLY VERY PLEASED THAT THE SWISS EFFORT TO JOIN THE SNAKE HAD FAILED. HE WAS AFRAID THAT ONCE IN THE SWISS COULD NEVER WITHDRAW, AND THAT PARTICIPATION WOULD MEAN TOO, GREAT A LOSS OF CONTROL OVER MONETARY POLICY. HE DOES NOT SHARE THE CONCERN EXPRESSED BY OTHER SWISS ABOUT THE EFFECT OF THE APPRECIATION OF THE SWISS FRANC ON SWITZERLAND'S COMPETITIVE POSITION. HE BELIEVES THAT SWISS INDUSTRY WILL BE ABLE TO COMPETE VERY EFFECTIVELY ONCE ECONOMIC EXPANSION IS WELL UNDER WAY ELSEWHERE.
ODELL

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